

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1810 - SB 2227**

February 1, 2016

**SUMMARY OF BILL:** Requires all state-owned surplus property, either real or personal, to be disposed of at a public auction conducted by an auctioneer licensed by the Tennessee Auctioneer Commission and who is selected through a competitive bid process.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Exceeds \$9,000**

Assumptions:

- Based on information provided by the Department of General Services, since 2013 there have been an average of five properties per year with a minimum cost of \$30,000 that were disposed of by sealed bid administered by a state employee. The State Building Commission approves all disposal of property.
- Assuming a standard six percent commission fee, to dispose of these properties at auction would result in cost to the state at least \$9,000 [(5 properties x \$30,000 x 6.0%) in commissions.
- The fiscal impact of the proposed legislation will vary from year to year depending on the number of properties sold and the fee charged by the licensed auctioneer.
- It is reasonable to assume that mandating the use of a licensed auctioneer to dispose of all state-owned property will result in an increase in state expenditures estimated to exceed \$9,000 each year.
- Any decrease in responsibility for state employees as a result of no longer administering a sealed bid system would be offset by subsequent increases in responsibility for administering agreements for public auctions to dispose of properties.
- The proceeds for any state-owned property could increase or decrease under the provisions of this bill depending upon the specifics of the property and the circumstances of the sale. For the purpose of this fiscal note, it is assumed that the cumulative amount of proceeds received from all property sales under the provisions of the bill will be unchanged from the cumulative amount of proceeds that would be received under current law.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/lsc